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# 400 ACCOUNTING AND REPORTING PROCEDURES

## FISCAL CONTROL AND ACCOUNTING REQUIREMENTS

### OVERVIEW OF FEDERAL ACCOUNTING REQUIREMENTS

The federal government requires the Office of Public Instruction to set fiscal control and accounting procedures for its own funds and those of its sub-grant recipients in accordance with state laws and policies.

These fiscal control and accounting procedures must:

1. Permit preparation of required reports for state and federal officials; and
2. Permit funds to be traced to a level of expenditures adequate to establish that the funds have not been used in violation of restrictions and prohibitions of program statutes.

### FEDERAL FINANCIAL MANAGEMENT STANDARDS

Grant and sub-grant recipients must meet the following financial management standards:

1. Provide accurate, current and complete disclosure of federally assisted activities in accordance with financial reporting requirements of the program;
2. Maintain records to adequately identify the source and application of funds for federally assisted programs: award letters, authorization statutes, obligations, unobligated balances, assets, liabilities, expenditures and revenue (see RECORDS RETENTION in this section);
3. Maintain effective control and accountability for all grant and sub-grant cash, real and personal property and other assets. Recipients must adequately safeguard property and ensure it is used solely for authorized purposes;
4. Maintain comparisons of actual expenditures to budgeted expenditures for each grant;
5. Follow applicable federal Office of Management and Budget (OMB) cost principles, the OPI program regulations and the terms of the grant agreements;
6. Support accounting records with source documentation, e.g., approved requisitions and purchase orders, cancelled warrants, paid invoices, payrolls, time and attendance records, contracts and award documents, etc.; and
7. Establish reasonable procedures to request funds as close as possible to the time they are needed to make payments for grant activities.

### THE OPI REVIEW OF SUBGRANTEE'S FINANCIAL MANAGEMENT SYSTEM

The OPI may review the adequacy of the financial management system of any sub-grant recipient as part of the pre-award process or any time subsequent to the award. The OPI reviews the annual

or biennial audit reports of each sub-recipient of federal and state funds to ensure compliance with federal and state audit requirements. Audits are more thoroughly discussed in Section 600 of this manual.

### **SEPARATE ACCOUNTING OF EACH GRANT PROJECT REQUIRED**

Sub-grantees must maintain a separate accounting of revenues and expenditures by project, by fiscal year. This also applies to funds transferred under the provisions of Title VI of the No Child Left Behind Act.

### **SCHOOL DISTRICTS—DEPOSIT OF GRANT FUNDS FROM THE OPI**

Nearly all state and federal grants administered by the OPI and distributed to public school districts are required to be deposited into the Miscellaneous Programs Fund (15) of the Prime Applicant school district. Federal Impact Aid must be deposited into the district's Impact Aid Fund (26).

## **FISCAL YEAR PERIOD**

“Fiscal Year” means a year used as an accounting period. The state of Montana, including Montana school districts, uses a fiscal year that begins July 1 and ends June 30. The federal fiscal year is October 1 through September 30.

## **BUDGETS AND MODIFICATIONS**

### **BUDGETING FOR GOOD MANAGEMENT CONTROL**

To ensure good fiscal control, each recipient of federal or state grant funds must establish a “line-item” budget for each project. That means each expenditure account (e.g. instructional salaries, instructional supplies, rent and contracted services) must be allocated an estimate of the amount of the grant to be spent for that purpose. Planned indirect cost recoveries, equipment purchases, or transfers to other districts must also be budgeted. Federal regulations require a recipient to maintain its accounting records in a manner that allows for comparison of actual expenditures to budgeted amounts for each grant.

However, recipients of the OPI sub-grants are not usually required to submit detailed line-item budgets to the OPI for approval. The program budget submitted to the OPI is a categorical summary of the recipient's line-item budget for each project. However, detailed line-item budgets may be required by the OPI at their discretion as a result of audit findings.

An example of a project budget and a detailed line-item budget are shown in Appendix B.

### **BUDGET CHANGES THAT DO REQUIRE THE OPI APPROVAL**

Certain types of post-award changes in budgets and projects require the prior written approval of the OPI. They include:

#### Budget Changes:

1. Additional purchases of equipment items costing \$5,000 or more per unit; or

2. A revision in the budget which results in a change in the overall funding.

Programmatic Changes:

1. A change in the program scope and objectives, regardless of whether there is an associated budget revision; or
2. A request to extend the project period from June 30 to September 30.

### **BUDGET CHANGES THAT DO NOT REQUIRE THE OPI APPROVAL**

Recipients may re-budget between line items within an approved budget to meet unanticipated requirements without the OPI approval.

### **BUDGET AND PROGRAM MODIFICATION REQUEST FORM REQUIRED**

The OPI form titled “Annual Budget and Program Modification Request for State and Federal Programs” must be used to request a budget amendment (see example in Appendix B).

### **OBTAINING WRITTEN APPROVAL BEFORE INCURRING OBLIGATIONS**

Budget modifications which require approval must be submitted to the OPI and approved before making obligations or expenditures.

## **PROJECT EXTENSIONS**

### **DEADLINES FOR PROJECT EXTENSIONS**

With the OPI approval, districts/cooperatives may extend the project year for a grant from June 30 to September 30. **Requests for an extension must be submitted in writing to the OPI no later than June 1.**

- Extensions are not needed for ESEA Titles I-A, II-A, II-D, IV-A, IV-B, V and VI.
- Extensions are not allowed for Carl Perkins projects.

IDEA Part B and Preschool Entitlement Grants: Extensions will not be allowed unless there are extraordinary circumstances which result in the applicant needing additional time in order to expend all of its carryover funds.

When requesting an extension to its grant, the applicant must:

- a. submit a written request to the OPI no later than June 1;
- b. submit an up-to-date expenditure report for its grant funds; and
- c. a detailed report of the expenditures it plans to make with the grant funds during the requested extension.

Effective July 1, 2000, an extension will not be granted to an applicant of IDEA funds if the applicant had an approved extension (of any project beginning with FY00) and the applicant did not expend all of its carryover funds. Such denials will remain in effect for three fiscal years.

### **EFFECT OF A PROJECT EXTENSION**

If an extension is approved, the funding must be obligated by September 30 and all obligations liquidated by October 31.

## HOW TO REQUEST AN EXTENSION

To request an extension, submit the OPI form titled Annual Budget and Program Modification Request for State and Federal Programs (see Appendix B).

## PROJECT NUMBER FOR AN EXTENDED PROJECT

Approved extensions will be treated as an amendment to the district's/cooperative's project budget. The exact same project number will be used to track expenditures incurred during the extension period. That is,

Ex: If the original project number was: 56-0965-77-03-XXXXX

The project number after an extension  
to September 30 is approved is still: 56-0965-77-03-XXXXX

## OBLIGATIONS AND EXPENDITURES

**“Obligations”** are orders placed, contracts awarded and goods and services received but not paid for during the project period. Obligations must be liquidated (i.e., paid for) within 30 days following the end of the project period. School districts and cooperatives/consortia are required by law to record and report transactions in accordance with the Montana School Accounting Manual.

## EARLIEST DATE TO OBLIGATE FUNDS

No funds may be obligated or expended before July 1 or before the OPI's approval of the award, if the approval date is after July 1. The OPI may, on occasion, approve pre-award costs in accordance with federal cost principles.

## DEADLINE FOR OBLIGATIONS

Depending on the source of funds, the project period for the OPI-administered programs is usually July 1 through June 30, or July 1 through September 30. This means that for projects ending June 30, program funds must be spent or “obligated” by June 30. For projects ending or extended to September 30, program funds must be spent or “obligated” by September 30.

## TIME AND EFFORT RECORDS

### BASIC TIME/EFFORT REQUIREMENTS

Sub-grantees must maintain records which document the relationship between payroll costs charged to a grant award and the time actually spent by an employee in carrying out the objectives of that program. This applies to both state and federal programs. When an employee works on more than one project, whether that is a combination of federal and non-federal programs or multiple federal programs, the sub-grantee must support the salaries, wages and benefits charged to each program with appropriate time distribution records. This is called **“tracking time and effort.”** The method used by a recipient to track time and effort must result in an equitable, after-the-fact distribution of the actual activity of each employee. (See sample time and effort form in Appendix B)

Payroll costs charged to federal grant programs may not be paid on estimated allocations, but must be based on payrolls documented and paid in accordance with school accounting policies and state and federal laws and regulations. Charges must be approved by appropriate officials.

The OPI recommends the School Trustees adopt and distribute a personnel policy dealing with time and effort reporting similar to the one used by the OPI.

OPI's policy reads as follows:

### ***TIME SPENT ON FEDERAL GRANT ACTIVITIES***

*“Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, sets forth Federal policies on documenting time spent on Federal grant activities. OPI employees who work on multiple activities (i.e., more than one federal award, an indirect and a direct activity, a federal award and a non-federal activity), are affected by these policies.*

*Staff that are paid from multiple funding sources must report their hours worked according to the activities actually performed during a given pay period, and not according to how their salary is budgeted. Circular A-87 says compensation for personnel services is an allowable cost of federal programs only if our time sheets reflect an “after-the-fact” distribution of the “actual activity” of each employee. Accordingly, OPI staff are required to complete their timesheet by reporting hours worked **ACCORDING TO THE ACTIVITIES ACTUALLY PERFORMED** during that pay period, and charging the appropriate budget code [funding source]. For audit purposes, employees charging time to a Federal grant are expected to have reasonable, creditable evidence to support the charges (i.e., daily calendar, job description, work products, travel schedules, etc.).*

*Paid leave time and hours worked that can't be reasonably identified to a specific budget code, for example time spent attending an all staff meeting, will initially be allocated according to how an employee's salary is currently budgeted. If necessary, those charges will be adjusted between budget codes later in the year to correspond with actual hours worked.”*

### **DOCUMENTING TIME AND EFFORT**

The OMB Circular A-87 lists the following requirements for salary and wage documentation:

1. No documentation beyond normal payroll record keeping procedures is required for employees whose salaries are charged to a single cost activity.
2. Where employees work solely on a single federal award or a single cost objective, charges for their salaries may be documented by a periodic certification that the employee worked solely on that particular program for the period covered by the certification. The certification must be done at least semi-annually, signed by the employee or supervisory official having first-hand knowledge of work performed by the individual.
3. Where employees work on multiple activities or cost objectives, the charges to federal programs must be supported by personnel activity reports (see criteria below). This documentation is required whenever employees work on:
  - more than one federal award;
  - a federal award and a non-federal award;

- an indirect cost activity and a federal award;
- two or more indirect cost activities that use different allocation methods; or
- an unallowable activity and a federal award or an indirect cost activity.

Personnel activity reports must:

- a. Show charges to federal projects were made based on actual time spent working on the activities;
- b. Account for total time of each employee;
- c. Be prepared at least monthly and coincide with one or more pay periods;
- d. Be signed by the employee; and
- d. Not be based on budget estimates of the employee's time, but may be estimated in the interim if revised at least quarterly to reflect actual time and effort.

## **TIME AND EFFORT CONSIDERATIONS FOR SCHOOLWIDE PROGRAMS**

When the district has a school that qualifies for a schoolwide program, and the district has approved the schoolwide plan for that program, Federal regulations and OPI policy allow costs of that school's programs to be charged to the general fund, to other non-grant funding sources, or to the school's grant allocations without regard to a particular grant's purpose. [NOTE: The district and school are still required to demonstrate certain progress and show certain results in accordance with grant regulations.] For time and effort reporting purposes, staff working in a school that has a schoolwide program is considered to be working on one, rather than multiple, activities. Hourly employees only need to report hours worked and leave taken, without associating hours worked with a particular grant(s) and non-grant activities. Payroll for the school can be paid from any combination of grants and non-grant sources at the district's discretion.

For practical purposes, the district may want to apply the same time and effort reporting requirements to all employees, rather than applying a less rigorous system to schoolwide programs. That is, the district can choose to apply the flexibility afforded to schoolwide programs at the payment, rather than reporting, level. Consistent reporting of staff time may help avoid confusion, especially for employees that later move to another school or routinely work at more than one school.

## **TIME AND EFFORT AUDITS**

Time and effort records must be retained for audit purposes.

## **CASH ADVANCE REQUESTS**

A "Cash Advance Request" form is submitted to the OPI by a sub-grantee to request federal or state program funds in advance of related disbursements. Separate cash requests must be submitted for each program (see Appendix B for an example of this form).

## **DUE DATE FOR CASH ADVANCE REQUESTS**

The Cash Advance Request form provides the OPI with a sub-grantee's estimated cash needs for all the months of the project period. The form must be submitted to the OPI by the 25th of the month prior to a sub-grantee's first disbursement. Cash requested by the 25th of the prior month will be sent by the 10th of the month following. For example, cash requested for the month of August, if the request is received by July 25th, will be sent on August 10th.



## **DISTRIBUTION SCHEDULES**

Distribution of federal program funds is dependent on factors such as:

- Timely submission of acceptable applications;
- The OPI's approval of the proposed project;
- Federal program authorizations and notifications to the OPI of the state's allocations; and
- The recipient's status on reports of previous projects.

## **PROCESS FOR REQUESTING A CASH ADVANCE**

The "prime applicant" for a grant files the "Cash Advance Request" form with the OPI. The prime applicant is the fiscal agent for a project.

For individual projects, the prime applicant is the district itself.

For combined high school/elementary projects or consortium projects, the prime applicant is the fiscal host. This district will receive, spend, account for and report on cash advanced for the project.

The prime applicant estimates the timing and amount of cash needed to support the project for the entire project period, then enters this information by month on the cash request form.

A separate form must be completed, signed and sent to the OPI for each approved project. Both the district clerk/business official and the authorized representative must sign the form.

The total cash requested for a project may be less, but not more, than the approved budget for the project. Cash on hand must be minimized. Cash on hand for the OPI administered grants should not exceed the amount needed to pay the next month's costs. Excessive cash on hand should be returned to the OPI.

The amount requested for a particular month must be the estimated minimum amount needed in that month for actual, immediate cash required to carry out the purpose of the approved project. The amount requested may vary from month to month; cash may be needed in some months and not others; and a small grant might be expended entirely within one or two months of the year. The OPI accounting staff may request an explanation from sub-grantees who request a large cash advance in any one month.

**Sub-grantees are encouraged to request cash on a timely basis. The last date for requesting cash for a given project is August 10 for projects ending June 30 and November 10 for projects ending September 30 (e.g., the date a project's Fiscal Closeout Report is due).**

Payment of the amount requested for each month will be made on the 10th day of that month. The "Cash Advance Request" form can be sent in at any time during the project period, but it must reach the OPI no later than the 25th of the month PRECEDING the month a cash advance is needed.

## **AMENDED CASH REQUESTS**

The payment schedule on file with the OPI should be amended during the year as necessary to:

- Manage a project's cash balance; and

Request cash related to an approved budget amendment. For example, if carryover funds or supplemental appropriations by Congress are added to a project budget after the initial Cash Advance Request form is submitted, an amended form must be submitted to request an advance of these additional funds.

Each month, the clerk/business official and the authorized representative should review the cash status for a grant project. Make sure that neither a significant cash shortfall nor excessive cash-on-hand is accumulating, and that the most recent cash request form filed with the OPI is still an accurate projection of cash needs for the remainder of the project period.

Amendments to the schedule are requested by submitting another “Cash Advance Request” form with the “Amended Request” box checked. An amended request must be approved and signed by both the clerk/business official and the authorized representative.

### **CASH DISBURSEMENT REPORTS—WHEN REQUIRED**

Sub-grantees will submit “Cash Disbursement Reports” and supporting documentation only if specifically requested by the OPI. Supporting documentation, such as invoices, trip reports, etc., may also be requested.

The OPI may request submission of cash disbursement reports and supporting documentation to:

- a. Verify the recipient’s implementation of a corrective action plan on audit report findings; or
- b. Monitor the district’s federal program expenditures in detail after the entity has been designated “High Risk” (see Section 600, Audit Requirements and the Office of Public Instruction Monitoring); or
- c. Ensure that project funds were obligated within the authorized project period.

## **SCHOOL DISTRICTS LIMITED IN SPENDING CASH BALANCES**

The fund used by school districts and cooperatives/consortiums for state and federal grant project accounting is the Miscellaneous Programs Fund (15). This fund is a “non-budgeted” fund. Section 20-9-210, MCA, limits expenditures in a non-budgeted fund to the combined cash balance of all projects in the fund. Administrative Rule 10.10.207 allows the cash balance plus valid receivables to be spent. It states, “Cash available shall include cash on hand and receivables to be collected within thirty (30) days.” School districts may consider the amount submitted to the OPI on valid claims or cash advance requests to be receivables subject to expenditure under ARM 10.10.207. To avoid confusion, the clerk should notify the county treasurer of the anticipated date of receipt of amounts receivable.

### **OVERDRAFT OF GRANT AWARD AMOUNT**

Any expenditures which exceed the grant award amount are not chargeable to the federal program. A recipient must use other available funds of the entity to pay for the over-expenditure. For example, if the grant award is \$1,000 and the recipient spends \$1,010, the extra \$10 must come from the entity’s “own pocket” because it will not be reimbursed by the grant program.

Sub-grantees that over expend a grant award will incur a cash overdraft in the project. The trustees



must reimburse the overdraft with general fund money and record the expenditure as an expenditure against the general fund budget. If the grant award is exhausted before the program is finished, the trustees may elect to subsidize the project by charging expenditures directly to the general fund or other legally available funds.

## **REQUESTING REIMBURSEMENT PAYMENTS ON HIGH RISK STATUS**

Subgrantees may be placed on reimbursement basis rather than cash advance basis as a result of “high risk” status (see Section 600-5).

To request reimbursement for grant expenditures, the subgrantee must submit the following items to the OPI:

1. Full documentation of each expenditure, including:
  - a. Requisition, approved by the District Superintendent;
  - b. Purchase order, approved by the District Superintendent;
  - c. Copy of warrant, or a computer printout showing the expenditure coding, warrant number, and payee; and
  - d. For payroll expenses, a computer printout showing the warrant number, expenditure coding, and payee.
2. A cash request form (unless already submitted).

Requests for reimbursement should be submitted to the OPI by the 25th of a month to be paid on the 10th of the following month.

Incomplete documentation will not be approved for reimbursement.

Requests for reimbursement that are submitted after the fiscal close-out is due will not be paid.

## **PROGRAM INCOME AND INTEREST ON FEDERAL FUNDS**

**“Program income”** is income generated by an activity supported with federal funds during the grant period. For example, it would include:

1. Fees for services performed;
2. Fees for use of, or rental of, property acquired with grant funds; and
3. Proceeds from the sale of commodities or items fabricated under a grant agreement.

Federal funds sub-granted by the OPI are generally not used to generate program income.

Sometimes federal projects allow funds to start stores or similar projects that generate a profit or return the start-up money. For the OPI administered projects, those kinds of profits should be considered program income and must be used in the current grant period in accordance with regulations of the grant that generated the profits.

## USE OF PROGRAM INCOME

If program income does result from the use of federal funds administered by the OPI, the income must be used during the current grant period in accordance with regulations of the grant which generated it.

## PROCEEDS FROM SALE OF PROPERTY

Proceeds from the sale of property or equipment purchased using federal funds are not considered program income (see Section 500, Property Management).

## INTEREST EARNED ON GRANT AWARD FUNDS

Federal and state grant funds may be invested and earn interest. However, federal cash management regulations require that the time lapsed between the receipt of federal grant cash and the time it is spent must be minimized. Federal cash on hand should be limited at any given time and the interest earned on the cash should not be considered a major source of income.

**Each sub-grantee may retain up to \$100 of interest earned** on federal grant funds in a given fiscal year for administrative expenses. The limit applies to all federal programs **combined**. For public school districts, this includes interest earned on any building-related grants in Fund 60 and all federal grants in Fund 15. This limitation does not apply to the Federal Impact Aid entitlement.

Sub-grantees may retain all the interest earned on state grant funds.

**Interest earned in excess of \$100** must be refunded to the federal government at the following address:

FINANCIAL IMPROVEMENT AND RECEIVABLE GROUP  
U.S. DEPARTMENT OF EDUCATION  
600 INDEPENDENCE AVENUE, SW  
FOB 10 ROOM 3400  
WASHINGTON DC 20202-4330

## ACCOUNTING FOR RETENTION OF \$100 OF INTEREST EARNED

Sub-grantees will account for interest earned, interest retained and interest refunded in the following manner:

1. Sub-grantee requests and receives federal funds. The funds are recorded as grant revenue;
2. Funds are invested consistent with normal sub-grantee investment procedures;
3. The interest earned on investment will be tracked in sufficient detail to allow audit of the interest earned and refunded.  
Public School Districts may:
  - a. First allocate any earnings on specific investments to the project used for the investment;
  - b. Deposit any and all interest revenue earned on grants in the Miscellaneous Programs Fund 15 directly into the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund until the amount exceeds \$100 for all federal projects in all funds for a fiscal year. Any subsequent interest earned must be allocated in propor-

tion to the grants that generated it, using either the proportion of average cash balance by project for the month or ending cash balance by project for the month.

4. Interest allocated to projects must be recorded as interest revenue in the project account.
5. The excess interest must be refunded to the federal government.

## **RECORDS RETENTION**

### **HOW LONG TO RETAIN GRANT RECORDS**

Federal regulations require recipients to retain records for a period of three years after the day the fiscal closeout report for a project has been submitted.

If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

### **HOW LONG TO RETAIN STUDENT RECORDS**

State records retention laws require student records to be kept permanently and personnel employment files to be retained for 10 years after termination (20-1-212, MCA).

### **GRANT FILES REQUIRED**

The recipient's business office must keep a grant file for each separate project containing the following documents for audit purposes:

1. Grant application
2. Approved budgets
3. Award document
4. Record of cash requests (copies of cash request forms)
5. Record of cash receipts
6. Cash disbursements
7. Matching expenditures
8. Important correspondence
9. Final reporting and closeout documents

More detailed procedures for accounting and tracking grants, including examples of forms and worksheets for tracking grant fiscal activity, can be found in the Montana School Accounting Manual, Section 9-0400.34 and Appendix B of this manual. School districts and cooperatives/consortia are required by law to record and report transactions in accordance with the Montana School Accounting Manual.

### **RECORDS RETENTION SCHEDULE FOR SCHOOLS**

For more information on general records retention, contact the Department of Administration, Local Government Services Bureau, at (406)841-2909, or download the schedule from <http://www.opi.mt.gov> under "Programs and Services at OPI," "School Finance."

# FISCAL CLOSEOUT AND FINAL PROGRAM REPORTS

## SEPARATE FISCAL CLOSEOUT REPORT AND FINAL PROGRAM REPORT DUE BY PROJECT

A separate Fiscal Closeout Report and Final Program Report are required for each state and federal grant administered by the OPI (see examples of these forms in Appendix B).

## DUE DATES FOR FISCAL CLOSEOUT REPORT AND FINAL PROGRAM REPORT

The Fiscal Closeout Report and Final Program Report are due to the OPI at the same time. The due date depends on whether an extension of the project year has been approved. Sub-grantees are encouraged to submit their fiscal closeout and final program reports to the OPI as soon as all obligations are paid. The forms and directions for the Final Program Report are provided by the OPI.

If the project year ends June 30. Obligations existing at June 30 must be liquidated within 30 days following the end of the project year (i.e., by July 31). Submit the fiscal closeout report and final program report for a July-June project to the OPI **no later than August 10.**

If the project year ends September 30. Obligations existing at September 30 must be liquidated within 30 days following the end of the project year (i.e., by October 31). Submit the fiscal closeout report and final program report for a July-September project to the OPI **no later than November 10.**

## UNEXPENDED CASH/REIMBURSEMENTS DUE

Unexpended cash held by a sub-grantee at the end of the project, if greater than \$10, must be returned to the OPI with the Fiscal Closeout Report (see “Unspent Funds and Refunds” below). Reimbursements due from the OPI to a sub-grantee will be sent upon receipt of the sub-grantee’s Fiscal Closeout Report and Final Program Report, provided the reports are received on or before the date they are due. Reimbursements requested on a late Fiscal Closeout Report (i.e., reports received by the OPI after August 10 for projects ended June 30 and after November 10 for projects ended September 30) **will not be paid.** (See “Carryover Funds” Section 200.)

## WHO TO CONTACT FOR ASSISTANCE

Questions regarding the fiscal closeout of the OPI-administered grants should be directed to the OPI program accountant for that program listed in Section 100 of this handbook. Questions regarding the final program report should be directed to the program specialist listed in Section 100.

# UNSPENT GRANT FUNDS AND REFUNDS

At the close of the grant period, any unobligated project funds, including funds which are eligible for carryover to the next year’s project, must be returned to the grantor.

The sub-grantee must refund any cash balance on hand for the project to the OPI, EXCLUDING interest earnings and program income.

**Exception—If the cash balance on hand is less than \$10, the recipient is NOT REQUIRED to send a refund to the OPI.** (School districts may move balances of less than \$10 to the “Indirect Cost Recovery” project in the Miscellaneous Programs fund in the same manner as indirect cost recoveries are taken.)